**Preliminary results rapid assessment Limu livestock value chains for fluid milk, traditional butter, large and small ruminants**

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**1 Supply of inputs and services agribusinesses**

* 1. Feed production and supply businesses

There are several service providers involved in the production of supplementary feed for dairy and fattening. The Licha Union processes wheat and produces flour and wheat bran. The latter is then mixed with other ingredients by their feed processing unit into concentrate mixtures for dairy and fattening - advice for the different concentrate mixes has been provided by the ACDI/VOCA feed project. All ingredients, except wheat bran, are purchased from outside the District – no oilcake is purchased from the oil processing factory in town The concentrate mixes appear to be mostly sold in Hadia Zone (includes Limu District) as well as to neighboring Zones/Regions (Oromiya) – dairy meal Bir 350/qt and fattening mix 200/qt. Buyers are mostly primary cooperatives in and outside the zone. Mixes are also sold to governmental institutions especially research stations and universities. Finally sales are also made to some urban farmers in Hosaina. The Union does not sell concentrate mixes to private traders. Demand varies by season and is higher during the dry season, when other feed resources are scarce. Excess bran from the flour mill is sold (at Bir 170-210/qt) without any restrictions.

There are also 4 private wheat processors, which produce wheat bran, which is mainly sold to traders (minimum purchase quantity is 5qt.) in and outside the District. A major problem seems to be lack of demand in the District, which results in sales outside (Bir 170/qt).

One oil processing factory produces oil cake from linseed, however supply is limited since demand for oil appears to be low. The cake is sold to farmers and traders.

Selling of supplementary feed is left to shops (estimated at more than 25 in the District), who usually also sell flour. Concentrate mixes for dairy and fattening are sold by primary cooperatives only - 5 of the 11 primary coops in Limu District buy and sell the mix to member farmers.

The general impression is that demand for supplementary feed in the District is limited, since advanced dairy and fattening is still in its infancy – we will confirm this during the actual interviews.

* 1. Veterinary drugs and services

The private drug suppliers all have to obtain their drugs from traders and importers from Addis (there are 5 shops). They sell to individuals, and some also act as whole sellers for smaller drug shops. The most frequently sold drugs are anti helmetics and antibiotics followed by tryps treatment drugs. Demand for the drugs is highest during the wet season.

1.3 Abattoir

All butcheries and restaurants make use of a government operated abattoir for slaughtering services. The abattoir slaughters both large and small ruminants – slaughtering fees for large ruminants are Bir 155/head. More information on the abattoir’s role in the small and large ruminants’ value chain will become available once the formal interview is conducted.

**2 Value chain agri businesses**

**2.1 Dairy agri-businesses in and near urban centers.**

There are two small scale dairy processing businesses for fluid milk in and around Hosaina town. One is the Habebo milk collection and processing cooperative and the other is the privately owned John’s Farm.

The cooperative collects – on average around 320l/milk per day - processes morning and evening milk and retails dairy products. Its main facilities are located in Shecharoma PA - 4 km south of Hosaina town, where milk is collected and processed. Two other sites contribute to the collection of milk. The first one is located in Haisie PA, where a collection center is located, from where milk is transported by (rented) donkey cart to the cooperative processing center. The other site is a collection point in Hosaina Town, from where milk from urban farmers is transported by bajaj to the cooperative processing center. Farmers are paid Etb 10/l of milk and cooperative members receive dividend. Lacto meter testing takes place at the main collection center and in the Haisie sub center. Very little raw milk appears to be sold, since most is processed into butter, ayeb and whey. While some sales take place at the collection centers, most sales take place in a cooperative shop/outlet in Hosaina town. Butter is sold at 138/kg, ayeb at 35/kg and whey at Etb 1/l for human consumption and 0.5/l for animal consumption (to cooperative members.

The other processor is privately owned –John’s farm – which produced the bulk of the milk from his own farm (60%) and the rest from neighboring peri-urban farmers – on average total 600l/day. He pays the farmers around Etb 11/l – payment once a month. The owner is well educated and young and most of his dairy knowledge was obtained from Genesis farm in Debre Zeit. Milk is processed into the same products as the Habeba cooperative, and sold from a shop in town. His processing equipment was purchased at Hagbes, including a small electric cream separator. His sales prices for butter is 123/kg and ayeb Bir 35/kg. His dairy farm is modern in design and feeding and supplementary feeding with purchased concentrate is practiced.

Besides there 2 processors, some restaurants in town buy raw milk and process it into Ergo. No test interview was conducted and the formal survey will identify more precisely their role on the value chain

**2.2 Traditional butter value chain actors**

Butter processing takes place at home by women as a household activity, When small quantities (0.5-1 liter/day) are produced, informal women groups (3-5 members each) engage in collective processing on a rotational basis (butter iqub)**.** Milk is usually churned after 2 days of souring and each member contributes the same amount of sour milk for the one who churns. Quantities churned in one session are therefore larger andthe amount of time each woman spends on churning per kg of butter is reduced. It was noted however that such a system may no longer function with traditional technologies once daily milk quantities per household increase.

Test interviews with a butter trader revealed that the bulk of the traditional butter consumed in Limu district is produced and purchased from other Districts in Hadia Zone, especially Doygena and Angeacha market . Butter produced in the District is consumed at home and/or sold in village markets. Unlike other District, which use plastic bags and containers, butter in Limu is wrapped in traditional ways (dried part of the Enset plant) and stored in wooden boxes.

**2.3 Large and small ruminants value chain actors**

District level traders purchase large and small ruminants from markets in the District and in Hadia, Kembata and Wolaita Zone. They make use of brokers, especially in markets where other languages are used. The brokers basically facilitate the trading process but don’t own the animal. Some traders from within and outside the Zone purchase animals from District traders to sell in the domestic markets outside the District, especially during holidays when demand is high. Customers for large animals in the District are butcheries and hotels/restaurants, some of which have integrated a butchery unit into their business. Small ruminants are sold to individual buyers and restaurants (not usually to butcheries). District demand during the dry season was reportedly low, since butcheries don’t seem to be interested in poor quality animals. Traders of large ruminants usually have to use the services of a small farmer to keep the animals from the day of purchase to the day of sale – usually one week. Payment is based on a share in the profit – roughly 1/3. The livestock keeper accompanies the trader to the market to buy and sell the animals. No such system is used for small ruminants.

Purchase and sale of animals for fattening/ploughing by traders does not appear to be large. Some urban groups are targeting fattening of large ruminants and some women/youth groups are targeted for fattening small ruminants.

Butcheries slaughter their animals in the abattoir and sell raw meat to customers outside and processed meat (kitfo, tibs, etc) in their shop. Demand for special cuts appears rare and most meat is therefore sold as mixtures from different parts of the animal. Demand fluctuates by season and holidays. Similar as the traders, butcheries have to keep the services of a small holder to keep animals in between time of purchase and sale of meat. They pay such keepers Bir 40/day/head.

1. **Potential interventions**

Below are a few suggestions for improving the value chain based on this initial assessment. These suggestions can be discussed in the planned platform meetings and be complimented, once the findings of the more detailed assessment of the agribusiness value actors and service providers become available.

Emphasis on the development of the dairy value chain in and around Hosaina town should be geared to an expansion of the milk volume and the number of farmers through linkages with the 2 processing businesses as well as any new emerging businesses. Obvious choices are innovative arrangements for collection/transportation for famers further away from the processing centers (collective bajaj hire or youngster on motorbikes as seen in Tanzania). Also the possibilities of increasing evening milk supply should be explored, using cooling technologies. The Livestock Marketing Development project may look into the possibility of introducing new appropriate dairy processing technology, especially for making “ayeb”. The production of milk by existing and new farmers can furthermore be stimulated by linking dairy producers to feed suppliers. The cooperative would like to include the supply of dairy concentrate mixtures into their businesses (hub approach). Restrictions on the sale of dairy meal to non-cooperative members should however be re-assessed by the Union. Breed and fertility management may furthermore be stimulated through annual mass insemination programs for fluid milk PAs.

The production of local butter may be stimulated through feed and breed/insemination programs with well-trained/equipped mobile AI teams. No further interventions along the value chain are fore seen for the near future since the “surplus” butter production is still small.

The large ruminants’ production can be stimulated through linkages with the Union and primary cooperatives as well as the purchase of wheat bran from private wheat processing companies. Feed mixture may furthermore be produced by village level small scale feed processing units. Similar interventions can be tried for small ruminants.

The formal survey of the abattoir and the traders will provide more detailed information on the type of animals traded and the different products demanded by the market. This in turn may lead to interventions such as fattening of young male calves for the domestic market in and outside the district as well as production and sale of young bulls for the export market.

Arrangements for the supply of veterinary drugs and services for the most important drugs should be assessed once the results of the formal survey are available. Linkages with groups of fatteners and dairy producers can probably be established to regulate supply and services.